

## Message Text

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PAGE 01 STATE 249790  
ORIGIN AF-10

INFO OCT-01 ISO-00 EB-08 TRSE-00 XMB-02 CIAE-00 INR-07  
NSAE-00 COME-00 PM-05 NSC-05 SP-02 SS-15 /055 R

DRAFTED BY AF/S:WFEATON:DC

APPROVED BY AF/S:DKEOGH

-----103455 190913Z /20

R 181751Z OCT 77

FM SECSTATE WASHDC

TO AMCONSUL DURBAN

INFO AMCONSUL CAPE TOWN

AMEMBASSY MASERU

AMCONSUL JOHANNESBURG

AMEMBASSY PRETORIA

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E.O. 11652: N/A

TAGS: EINV, ETRD, PINT, PFOR, US, SF (TRANSKEI)

SUBJECT: US CONCERN TO INVEST IN TRANSKEI

REF: DURBAN 669

1. DEPARTMENT CONTACTED TERRENCE WHERLOCK, EXECUTIVE VICE PRESIDENT FOR LICENSING, INTERMAGNETICS CORP., WHO STATED THAT SUNDAY TRIBUNE ARTICLE WAS ESSENTIALLY CORRECT. INTERMAGNETICS HOLDS A 20 PERCENT EQUITY POSITION IN INTERMAGNETICS TRANSKEI (PTY). THE TRANSKEI DEVELOPMENT CORP. HAS 40 PERCENT AND AN UNIDENTIFIED BRITISH FIRM THE REMAINING 40 PERCENT. INTERMAGNETICS WILL BUILD THE PLANT, SUPPLY MOST OF THE TAPE MAKING EQUIPMENT, TRAIN WORKERS, AND SUPERVISE THE START UP OF THE PLANT. INITIAL CAPACITY OF THE PLANT WILL BE 6,000,000 CASSETTES ANNUALLY,  
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NOT 20,000,000 AS REPORTED IN THE PRESS.

2. WHERLOCK EXPLAINED THAT INTERMAGNETICS WAS ANXIOUS TO BREAK INTO THE SOUTH AFRICAN CASSETT MARKET WHICH IT FOUND ATTRACTIVE. INTERMAGNETICS HAD ATTEMPTED TO PUT UP A PLANT FIRST IN BOTSWANA AND THEN IN LESOTHO BUT HAD ABANDONED THESE PLANS DUE TO DIFFICULTIES IN FINDING

CAPITAL.

3. WHERLOCK WAS INFORMED THAT UNLIKE BOTSWANA AND LESOTHO  
USG DID NOT RECOGNIZE INDEPENDENCE OF TRANSKEI. WE POINTED  
OUT THAT, ALTHOUGH USG TOOK A NEUTRAL POSITION ON AMERICAN  
INVESTMENT IN TRANSKEI, OUR ABILITY TO PROTECT AMERICAN  
INVESTMENT WAS LIMITED DUE TO THE ABSENCE OF US DIPLOMATIC  
AND CONSULAR REPRESENTATION IN TRANSKEI. WHERLOCK WAS ALSO  
INFORMED THAT USG WOULD NOT BE ABLE TO PROVIDE COMMERCIAL  
ASSISTANCE TO INTERMAGNETICS TRANSKEI DUE TO THE PRESENCE  
OF THE CHAIRMAN OF TRANSKEI DEVELOPMENT CORP. AS A  
DIRECTOR OF THE FIRM. WHERLOCK REQUESTED A WRITTEN  
STATEMENT OF THE USG POSITION WHICH WE ARE SENDING TO HIM.

4. INTERMAGNETICS CORP.IS BASED IN SANTA MONICA, CALIFORNIA  
NOT GUILDERLAND, NEW YORK AND HAS SIGNED  
LICENSING AGREEMENTS IN SEVERAL FOREIGN COUNTRIES.  
DUN AND BRADSTREET GIVES THE FIRM A GOOD COMPOSITE CREDIT  
RATING AND LISTS THE FIRM'S FINANCIAL STRENGTH AS BEING  
IN THE 300,000 - 500,000 DOLLAR RANGE. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, TRANSKEI  
**Control Number:** n/a  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
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**Drafter:** WFEATON:DC  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Reference:** 77 DURBAN 669  
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**Review Withdrawn Fields:** n/a  
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**Subject:** US CONCERN TO INVEST IN TRANSKEI  
**TAGS:** EINV, ETRD, PINT, PFOR, US, SF, INTERMAGNETICS CORP  
**To:** DURBAN  
**Type:** TE  
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**Review Markings:**  
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